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WHOLESALE PRICES FOR THE UNITED STATES, 1801–1840.

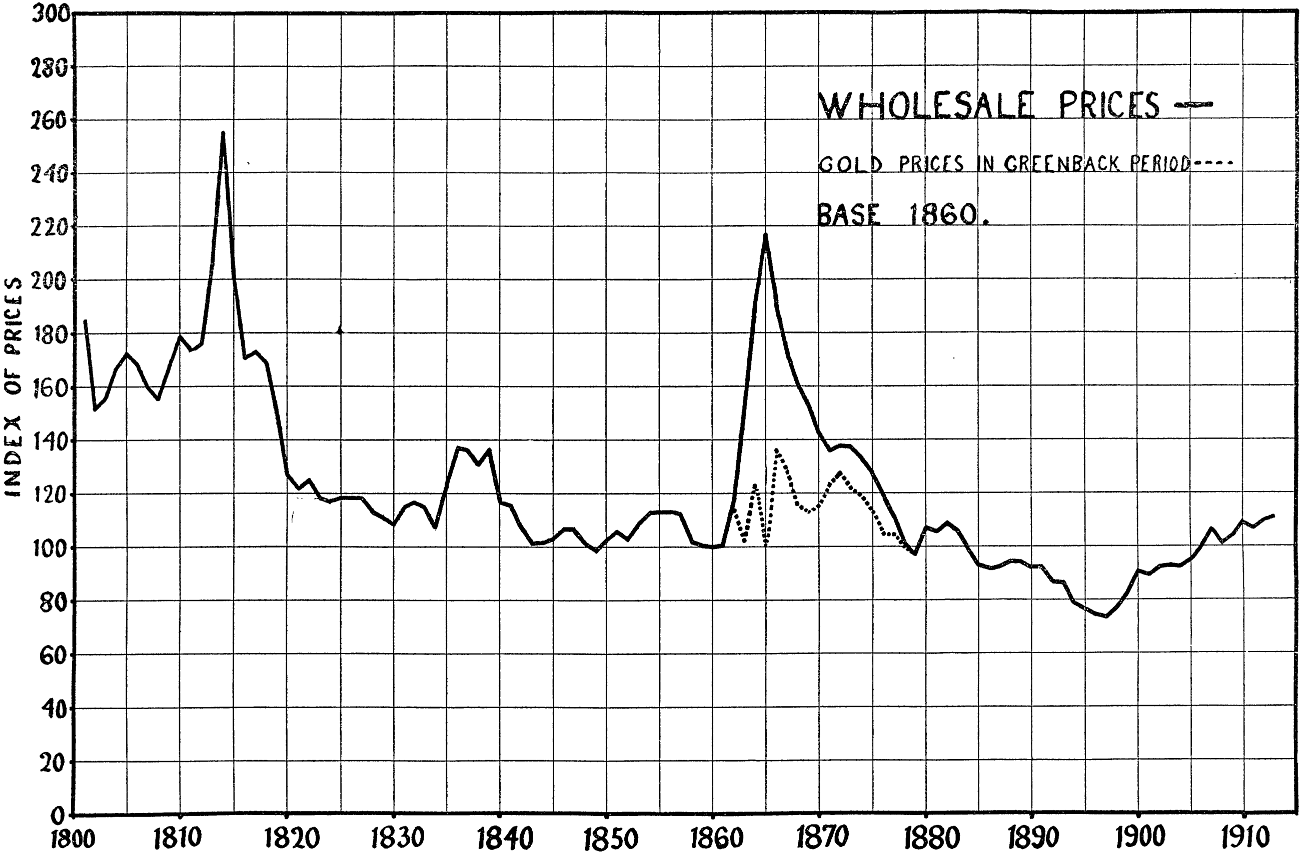
BY ALVIN H. HANSEN.

There has not been, so far as the writer is aware, any study of prices for the United States prior to 1825, and very little prior to 1840. Since the trend of prices is a subject of great interest and importance in the study of American social and economic movements, this investigation has been undertaken in order to construct a curve of prices for the United States extending back to the beginning of the last century.

The price curve shown in the accompanying chart is a composite of three separate index series all having been reduced to the common base 1860. The first period, 1801–1840, was worked up by the writer, the price average for the year 1825 being taken as the original base. The figures for the period 1840–1891 are the simple average index numbers prepared for the Aldrich Report by Roland P. Falkner, 1860 being the base. For the period 1891–1913 the Bureau of Labor index numbers were used, based 1890–9.

The numbers for the period 1801–1840 were derived from two distinct series, both having the year 1825 as the base. The index numbers for 1801–1825 were derived from the monthly quotations of wholesale prices of 79 commodities quoted in the Boston *Gazette* 1801–1815, and in the Boston *Patriot* 1816–1825. The index numbers for 1825–1840 are based on the monthly quotations of New York wholesale prices of 63 commodities quoted in the Report of the Secretary of the Treasury for 1863. Where various grades of unimportant articles were quoted, only one was used. When a range of a higher and lower price was shown in the quotations, the mean or average price was found. The average annual price for each commodity was obtained by adding the monthly quotations, taken for the first of the month or as close thereto as possible, and dividing the sum by the number of months. In some cases it was not possible to get quotations for each month. No quotations at all could be secured for 1809. For

PRICE INDEX FOR THE UNITED STATES



1825–1840 the yearly averages quoted in the Report of the Secretary of the Treasury were used.

Index numbers were worked out for each separate commodity, the price for 1825 being used as the base for both periods under consideration. That is to say, the average annual price for each year was reduced to a percentage of the average price for 1825. In the case of each commodity the same grade was used throughout, with the exception of iron. In this case "pig iron" was used for 1801–1808, "Philadelphia bar" for 1808–1815, and 'Russia" for 1815–1825. The two latter sold at very nearly the same price, so "Russia" was simply substituted for "Philadelphia bar." The prices of these two and that of pig iron were, however, so different that they had to be adjusted. It was assumed that the index numbers of pig iron would indicate in general the trend of prices of "Philadelphia bar" and "Russia." The annual prices of pig iron were therefore reduced to index numbers on the base 1808, and the prices of "Philadelphia bar" and "Russia" were reduced to index numbers on the base 1825. The index number of the latter variety in 1808 was 111.9, while that of pig iron would be 100.0. Each of the index numbers of pig iron back to 1801 was, therefore, multiplied by 111.9 in order to show the general trend of iron prices in the entire period. In the case of the other 78 commodities used for the period 1801–1825, it was possible to carry through the same grade throughout. The attempt was made to carry through 84 commodities, but it was found necessary to throw out 5, because of changes in the quality of the commodity quoted. The same grade was quoted for the 63 commodities used for the period 1825–1840.

The index numbers thus obtained for the different commodities were then summated, and divided by the total number of commodities quoted for that year. The result would be the simple average index number of the prices of all commodities for the given year. Since both periods in question, 1801–1825, and 1825–1840, had the common base, 1825, it is evident that the relative prices of the entire period would thus be established.

The number of months for which quotations were given, and the number of commodities quoted for each year were as follows:

Source of Information.	Year.	Number of Months for which Quotations were Obtained.	Number of Commodities Quoted.
Boston *Patriot* and Boston *Gazette*.	1801	12	75
	1802	12	77
	1803	12	79
	1804	12	79
	1805	12	79
	1805	12	79
	1806	12	79
	1807	7	79
	1808	9	78
	1809	0	0
	1810	12	78
	1811	12	78
	1812	11	78
	1813	11	78
	1814	2	54
	1815	11	78
	1816	7	78
	1817	12	78
	1818	8	79
	1819	11	79
	1820	12	78
	1821	6	78
	1822	12	79
	1823	12	79
	1824	12	79
	1825	12	79
Report of Secretary of Treasury.	1825	12	61
	1826	12	62
	1827	12	63
	1828	12	63
	1829	12	63
	1830	12	63
	1831	12	63
	1832	12	63
	1833	12	63
	1834	12	63
	1835	12	63
	1836	12	63
	1837	12	63
	1838	12	62
	1839	12	62
	1840	12	61

The index numbers from 1801 to 1840 are therefore based on the average prices, derived from the monthly quotations, for each year. This method is similar to that employed by the Bureau of Labor in its index, which is also based on the yearly averages of monthly quotations, except in the case of a few of the more unstable commodities, in which cases weekly quotations are used. The Aldrich index numbers, on the other hand, were based on the actual prices of a given date, January 1, April 1, July 1, or October 1 of a given year. Usually the index numbers were calculated on the basis of January prices in each year, except in the case of commodities for which the January prices would not be the representative prices for the year, as in the case of certain vegetables. In such cases the most representative month was chosen. In a few cases, however, the average prices for the year were used.

The original index numbers, on the base 1825, for the period 1801–1840 were as follows:

1801	155.5	1821	102.3
1802	127.7	1822	105.3
1803	131.2	1823	100.1
1804	140.6	1824	98.9
1805	144.9	1825	100.0
1806	141.6	1826	99.4
1807	134.3	1827	99.6
1808	131.0	1828	95.2
1809	No data	1829	94.1
1810	150.4	1830	91.4
1811	145.7	1831	96.7
1812	148.1	1832	98.1
1813	172.4	1833	96.8
1814	214.8	1834	90.1
1815	168.6	1835	103.8
1816	143.6	1836	115.7
1817	145.4	1837	114.7
1818	141.5	1838	110.2
1819	124.7	1839	115.2
1820	106.9	1840	98.3

In order to get a continuous price curve for the United States for the entire century, the above index was connected up with the Aldrich index. It is recognized that this does not in any way represent an accurate extension of the Aldrich index, since the number and grade of commodities used in the two cases are not identical, and the methods of computation are somewhat different. Nevertheless, such a curve does indicate approximately the general trend of prices.

The method used in connecting up the above index with the Aldrich index was as follows: The relative price, or the index number, for 1840, as shown in the Aldrich Report, was used as the medium through which to compute the index numbers for all the years back to 1801. It was assumed that, had the base been 1860 instead of 1825, the index numbers for the period 1801–1840 would have stood in 1840 at the same relative price level as the index number of the Aldrich Report for the same year. The Aldrich index number for the year 1840 is 116.8. The above index number for 1840 is 98.3. Hence every unit in the above index series was multiplied by $\frac{116.8}{98.3}$ or 1.188. The product would approximately show the relation of the general level of prices of the given year to that of 1860, the year chosen as the base for the Aldrich index.

The following is a table showing the commodities used for the period 1801–1825, 1825–1840 and for 1840, the first year of the Aldrich series. It should be added that the number of commodities used in the Aldrich Report increases from 90 in 1840 to 223 in 1891.

This study of prices in the period 1801–1840 does not purport to be anything more than a tentative beginning. However, as the followin table indicates, the variety and number of commodities used is fairly comparable with those used in the Aldrich Report for the first years. The index numbers are based on the average prices of 12 monthly quotations for each year, in so far as they could be obtained, while the Aldrich numbers are based in general on January prices alone. The Aldrich Report has the advantage of using the price quotations of several cities. Quotations from say Boston, Philadelphia, Charleston, and New Orleans would undoubtedly have been very desirable for our period, particularly because of the greater diversity of wholesale prices then obtaining in different sections of the country, due chiefly to slow and inadequate means of transportation. Such a task would be far too great for one person to undertake.

COMPARATIVE TABLE OF COMMODITIES USED.

Boston *Gazette* and Boston *Patriot.* 1801-1825	Report of Secretary of Treasury. 1825-1840.	Aldrich Report. 1840.
Flour, fine	Flour, wheat, sup.	
	Flour, rye, fine	Flour, rye
Corn meal, kiln dried	Corn meal, northern	Corn meal, kiln dried
Barley	Wheat, Genesee	
Rye	Rye, northern	
Oats	Oats, northern	
Corn, Indian, northern	Corn, northern	
Bread, ship		Ship biscuits
		Boston crackers (2 kinds)
Rice	Rice, ordinary	Rice
Beans, white		
Starch, American		
	Cod, dry	
Mackerel, bay	Mackerel, No. 1.	Mackerel (3 kinds).
Pork, Cargo No. 1.	Pork, mess	Pork, salt mess
	Pork, prime	
Beef, mess	Beef, mess	Beef, salt mess
	Beef, prime	
Bacon		Bacon, clear
	Hams, smoked	Ham, sugar-cured
Tallow, American	Tallow, American	Tallow
Lard, hog's	Lard	Lard (2 kinds)
Butter, 1st quality	Butter	Butter
Cheese, American	Cheese	Cheese
Raisins, bloom	Raisins	Raisins
Figs, cask	Figs, Smyrna	
Lemons	Prunes, Bordeaux	
Currants		Currants
Almonds, soft shelled		
Coffee, ordinary	Coffee, Java	Coffee, Rio, fair
Tea, Hyson	Tea, Young Hyson	
Molasses, Havana	Molasses, Havana	Molasses (2 kinds)
Sugar, Havanna, white	Sugar, New Orleans	Sugar (3 kinds)
Sugar, Havanna, brown	Sugar, loaf	
Hops	Hops, first sort	
Salt, Liverpool	Salt, Liverpool, fine	Salt (5 kinds)
Pepper	Pepper	Pepper
Nutmegs	Nutmegs	Nutmegs
Cinnamon		
Cloves		
Ginger, ground		
Pimento		
Nankins		
Cotton, Georgia, upland	Cotton, upland	Cotton, upland
		Broadcloths
		Calico
	Wool, common	
	Wool, Merino	
	Wool, Pulled, No. 1.	
Hides, dried	Hides, La Plata	Hides
Leather, foal, dried	Leather, Hemlock	Leather
	Furs, Beaver, Northern	Sole leather
Copper, in sheets	Copper, sheeting	Copper, sheet
		Copper, ingot
Iron, pig, Phil bar, and Russia	Iron, English bar	Iron, rods
Lead, bar	Lead, pig	Lead, pig (2 kinds)
Steel		
Shot		Drop shot, lead
Nails		Nails, cut
Tin, in sheets		Zinc, sheet
Cordage, American		Rope (2 kinds)
		Wood screws
		Spelter
		Quicksilver

COMPARATIVE TABLE OF COMMODITIES USED—(Concluded).

Boston *Gazette* and Boston *Patriot.* 1801-1825.	Report of Secretary of Treasury. 1825-1840.	Aldrich Report. 1840.
Lumber, boards, clear		Lumber, hemlock
		Boards (4 kinds)
		Shingles (3 kinds)
Wood, mahogany, bay		Flooring
Varnish, white		
Lime		Lime
Glue, American		
Tar		Tar
Turpentine	Turpentine	Turpentine
Pitch		
Rosin	Rosin, common	
	Glass, American	Glass, window
Staves, W. Oak, pipe		
Hoops		
Copperas		Copperas
Brimstone		Brimstone, crude
Alum		Alum, lump, crystal
Gunpowder, American	Gunpowder, American	
Oil, linseed	Oil, whale	Oil, linseed
Pot ashes		Soda ash
Flaxseed		Flaxseed
Salt petre, rough		
		Calomel
		Mercury
		Muriatic acid
		Opium
		Quinine
		Sugar of lead (2 kinds)
		Sulphuric acid
		Blue vitriol
Candles, tall, mo. Am.	Candles, mould	
Coal, pit, American	Coal Schuylkill	
Sheeting, Russia	Sheeting, Russia, brown	
Soap, castile	Soap, castile	Soap, castile
Tobacco, James River	Tobacco. Kentucky	
	Tobacco, mfg. No. 1.	
	Whiskey, domestic	Alcohol
	Brandy, Cognac	
	Rum, Jamaica	
	Gin, Scheidan	
Wine, Madeira	Wine, Madeira	
	Wine, Port	
Whalebone, long	Whalebone, slab	
Corks, Lisbon		
Bees wax		
Hemp		
Twine, sewing		
	Olives	
	Paint, red lead	
	Linseed	
	Indigo, Manillo	
		Matches
		Tubs, wooden
		Pails, wooden
		Carpets
		Tickings
		Carbonate of lead
		Putty
		Doors, pine

It should be noted that the prices used in this study are wholesale prices quoted necessarily in United States money. The retail prices of local mercantile establishments often varied greatly according to the depreciation of the bank notes presented in payment for the goods. This was particularly true in 1814, when banks generally, except in New England, suspended specie payments. Since the value of the depreciated bank notes ranged all the way from par to almost nothing, it is evident that local retail prices might be almost anything, depending on the currency used. Thus, in the war period, retail prices elsewhere soared much higher than in New England where they remained on a specie basis. But it is evident that this fact would have nothing to do with the real level of prices quoted in United States money.

The question of the causes underlying the price curve presented herewith, is not here entered into. The period is complicated by a number of factors, principally the Berlin and Milan Decrees; the Orders in Council; the Embargo Act; the War of 1812; the great growth of state banks between the termination of the first United States Bank in 1811 and the establishment of the second United States Bank in 1816, tending to raise prices by increasing the amount of currency in circulation; the bank crash in New England in 1809; the crises of 1814, 1819, 1825, and 1837; and the monetary measures of the Jackson and Van Buren administrations.